GOVERNMENT OF INDIA
HEALTH AND FAMILY WELFARE
LOK SABHA

UNSTARRED QUESTION NO:1890
ANSWERED ON:12.03.2008
STUDY OF HEALTH CARE PROJECTS BY WORLD BANK
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Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

(a) whether the World Bank has conducted a study of Health Care Projects in the country, as reported in the Mint dated January 12, 2008;

(b) if so, the details of the recommendations made by the World Bank; and

(c) the action taken by the Government in this regard?

Answer

THE MINISTER OF STATE FOR HEALTH & FAMILY WELFARE(SMT. PANABAKA LAKSHMI)

(a) & (b): Yes, Sir, On the 11th January, 2008, the World Bank has shared with us a report, viz., Detailed Implementation Review (DIR). In this report, the World Bank has mentioned deficiencies relating to procurement, oversight and implementation like collusion, bid rigging, deficiency in civil works, equipments not installed because of lack of staff etc. Majority of the deficiencies reported relate to decentralized procurements at the district level, which are implemented at the State level. Report is based on the review of five health sector projects which were being implemented during periods varying from 1997 till 2006 end. One project was under State health sector. The World Bank report suffers from several infirmities. Ministry of Health & Family Welfare has already conveyed its response on the infirmities in the methodology adopted by Wolrd Bank emphasizing that the World Bank did not discuss with any of the programme officers either during the review or before finalizing the review report. These discussions would have clarified most of the issues raised in the report. Had this been done, most of the inferences would have been different.

(c): Government of India is committed to elimination of any deficiencies and take strict action in respect of irregularities which are detected. Structural deficiencies which were noted in the earlier programmes have been remedied in the successor programmes. Several criminal, penal and disciplinary actions have been taken such as:

(i) Suspended business with two firms viz. M/S Nestor Pharmaceuticals and M/S Pure Pharma in July, 2005 on charges of reported collusion and irregularities.

(ii) A case was registered by CBI on 21.8.2006 against M/S Pure Pharma and M/S Nestor Pharmaceuticals and the case is at an advanced stage of investigation.

(iii) Two officers (Shri M. P. Gupta of Hospital Services Consultancy Corporation and Shri Vasant Bhat of Hindustan Latex Limited) from the Procurement Support Agencies, who were allegedly involved in procurement irregularities, were suspended in 2006 and continue to be under suspension. Departmental proceedings against them are also at an advanced stage.
A very important structural change which has been initiated by Government of India is the launch of National Rural Health Mission(NRHM) in April, 2005. NRHM has initiated the following architectural corrections in the public health delivery system:

(i) NRHM has in-built institutional and financial monitoring mechanism, e.g., Programme Management Units (PMUs) at State/District/Sub-district levels consisting of management, financial and IT experts.

(ii) Community ownership, accountability and oversight through Village Health & Sanitation Committees at the Village level and Rogi Kalyan Samitis (Patients Welfare Societies) at Sub- district and District Hospital levels consisting of representatives of Panchayati Raj Institutions, Civil society and Government health functionaries.

(iii) The Mission emphasises 'service guarantees' and not merely on the creation of buildings and purchase of equipments.

(iv) Electronics transfer of funds from Government of India to States and States to districts and E-Banking for real time financial reporting and monitoring.

In addition, in Centralized procurement, following corrective actions have been taken:

(a) Shifted the procurement responsibility from Procurement Support Agencies to the United Nations Office for Project Services for Bank supported operations.

(b) Set up an Empowered Procurement Wing (EPW) to provide oversight to the procurement handled by Procurement Agents (PA). Developed procurement policies and standards for the health sector; and working on state procurement capacity building.

(c) Introduced measures to improve competition, transparency and quality through the Governance and Accountability Action Plan (GAAP) agreed for all health projects by the Bank in 2006.

(d) Prepared a compendium of technical specifications for medical equipment (more than 800) which is uploaded on the Health Ministry's website.

(e) Created the Financial Management Group (FMG) at the Health Ministry, supported finance staff at State and District levels, developed detailed project specific financial management manuals.

(f) Developed detailed guidelines and operational manuals for procurement of NGOs and Public Private Partnerships (PPPs) under HIV/AIDS control programme.

(g) Developed detailed procurement and financial manuals and trained state personnel.

(h) Introduced evaluation of NGO performance by Committee having one external evaluator under HIV/AIDS control programme; and terminated contracts of about 25% NGOs which were non-complaint with the guidelines.

(i) Pre-award validation/certification of WHO GMP made mandatory in all cases.

Further, after receipt of the report, following actions have been taken:

(i) To address the systemic deficiencies pointed out in the World Bank report relating to procurement, implementation and oversight a Joint Action Plan has been finalized after intensive discussions with the World Bank keeping in mind specific interventions and timelines.

(ii) Three new cases pertaining to Chattisgarh and Karnataka referred to CBI for further investigation. One of these was identified through an analysis of the audit report. In a similar case the Government of Orissa had filed a criminal case and initiated departmental proceedings.

(iii) Government of Orissa has now ordered a full-fledged vigilance inquiry to look into all deficiencies pointed in the World Bank report regarding the State Health Systems project.